



NJ Schools Construction Corporation

BUILDING 21ST CENTURY SCHOOLS FOR 21ST CENTURY LEADERS

JOINT COMMITTEE ON PUBLIC SCHOOLS

John F. Spencer, CEO

April 11, 2005

Setting the Record Straight

- 1. Cost differences between SCC managed and non-SCC managed projects**
- 2. Change orders are not cost overruns**
- 3. Items not included in the original \$8.6B allocation**

Bricks & Mortar

✓ Location/ Labor	\$ 6.00/ sq.ft.
✓ Site Restrictions	\$14.00/ sq.ft.

Site Restrictions Drive Up Costs

- ✓ **Material Delivery & Lay Down Areas**
- ✓ **Site Staging & Site Security**
- ✓ **Scaffolding & Pedestrian Safety**
- ✓ **Utility Relocation/ Structural Foundations**
- ✓ **Multi-Story Construction**
 - ✓ **Elevators, Mechanics, Stairwells**

Cost Difference of SCC Managed and Non-SCC Projects

Bricks & Mortar

✓ Location/ Labor	\$ 6.00/ sq.ft.
✓ Site Restrictions	\$14.00/ sq.ft.
✓ Safety Standards	\$ 5.00/ sq.ft.
✓ Sustainable Materials	\$ 5.00/ sq.ft.
✓ Inflation	\$ 5.00/ sq.ft.

Additional bricks and mortar costs: \$35.00/ sq.ft.

Other Project Costs

Why SCC Projects Cost More than Non-SCC Projects

- ✓ **Land Acquisition**
- ✓ **Relocation**
- ✓ **Remediation**
- ✓ **Demolition**
- ✓ **Historic Preservation**

Cost Difference of SCC Managed and Non-SCC Projects

PMF'S SCOPE OF WORK

SCC

Pre-Design Phase

- ✓ Master Planning
- ✓ Pre-development
- ✓ Site Identification
- ✓ Site Feasibility Studies

Design Phase

- ✓ Develop Scope of Work
- ✓ Develop RFP
- ✓ Architect Management & Code Review
- ✓ Develop Construction Contract
- ✓ Bid Advertising

Construction Phase

- ✓ Construction Management

DISTRICT

Pre-Design Phase

- ✓ N/A

Design Phase

- ✓ N/A

Construction Phase

- ✓ Construction Management

SCC ARCHITECTS' SCOPE OF WORK

- ✓ **Pre-Development**
- ✓ **Engineering Design: Testing, Surveying**
- ✓ **Multi-Story School Designs**
- ✓ **Single Assignments**

IN THEIR OWN WORDS

Bruce D. Turner, President of the NJ Society of Architects
Letter to the Editor, The Philadelphia Inquirer, 4/01/05

“Chief among the inaccuracies is comparing the school projects with other projects. This is like comparing apples and oranges; it makes no sense.”

“Projects run by the School Construction Corp. mandate that the architect include a host of services generally not included in a standard architectural contract.”

“In a SCC project, the architect is responsible for and must provide the costs of all permit fees, construction testing, soil testing, civil engineering, landscape design, E-Rate consulting, acoustical design, cost estimating and environmental assessment. These are in addition to the normal services provided by an architect on most projects, school or otherwise.”

“Simply put, architects must provide much broader services on a School Construction Corp project, which gives the appearance of higher fees. In truth, only the distribution of costs is changed; the total cost of the services provided is not substantially different.”

IN THEIR OWN WORDS

**Scott Prisco, The Prisco Group Architects
Designed the Howell Township Schools
*Letter to Jack Spencer, 3/17/05***

“I read the article and was quite disconcerted how the facts were comparing apples and oranges.”

“First of all, the architectural fee listed did not include site survey, site design, soil borings, soil/ environmental consultants...”

“We designed two sister schools...our fees were reduced significantly because they were the same design except for the colors.”

“We used metal studs and gypsum board interior construction (probably not appropriate for urban districts). We used vinyl siding at the middle school, at areas ten feet above grade.”

What are Change Orders?

What are the \$532M in “Change Orders”

✓ Assignment of New Work	\$288M
✓ Unexpected Remediation	\$ 34M
✓ Health and Safety Work	\$ 69M
✓ DOE Approved Model Changes/ District Changes/ Technology & Security	\$ 48M
✓ Design/ Field/ 3 rd Party Changes	\$ 93M

Why the \$8.6 Billion is Not Sufficient

Funding Factors Not Included

- ✓ **Unrealistic cost per square foot**
- ✓ **Land acquisition, relocation, demolition, remediation & historic preservation**
- ✓ **Pre-K facilities**
- ✓ **Swing space and TCU's**
- ✓ **Inflation i.e. labor and raw materials**
- ✓ **Additional Abbott districts**
- ✓ **Regulation requirements i.e. computers**
- ✓ **Programmatic and administrative costs -- DEP, DCA, AG, etc.**

Comparative Costs Per Square Foot

PROGRAM	CONSTRUCTION COSTS
NJSCC Managed	\$209
NYC ¹	\$350-\$400
Los Angeles ²	\$319
Philadelphia ³	\$203
Boston ⁴	\$196

Fulfilling Our Obligation to New Jersey's Children

